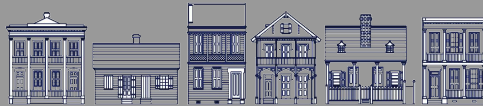


Historic Tax Credits

A Preservation Tool for Commercial Revitalization



**PRESERVATION
RESOURCE CENTER**

— *of* NEW ORLEANS —



\$1,398,738,129

In building repairs and upgrades eligible for federal historic tax credits (QREs) in Louisiana during 2016-2020 per National Park Service. Louisiana led the U.S. in total projects with 482 during the same five years.



\$4.50

Return on investment to taxpayers for each \$1.00 in state credits per Timothy Ryan, PhD study in 2011. \$0.42 received prior to credit issuance per Place Economics study in 2017. \$8.76 induced economic activity per Place Economics.



3,000

Construction jobs in La. Congressional District 2 in 2020 per Louisiana Division of Culture, Recreation and Tourism



2228 Gravier



131 S. Norman Francis



5712 S. Clairborne



234 Loyola

Federal Rehabilitation Tax Credit

aka Federal HTC

Created: 1976

Amount: 20%
(reduced from 25% in 2017)

Eligibility: Commercial buildings
listed on the National Register of
Historic Places

State Commercial Rehabilitation Tax Credit

aka State HTC

Created: 2002

Amount: 20%
(down from 25% in 2018)

Eligibility: Income producing
buildings 50 years or older in State
Cultural Districts or DDDs

Key Similarities

| | <u>Federal</u> | <u>State</u> |
|-------------------------------------------------------------------------------|----------------|--------------|
| Three-part approval process | ✓ | ✓ |
| Alterations must reflect Secretary of Interior Standards (inside and outside) | ✓ | ✓ |
| Not available to primary residences | ✓ | ✓ |
| Claimed against income tax | ✓ | ✓ |
| Five year redemption period (after completion) | ✓ | ✓ |
| Eligible costs are affixed to building | ✓ | ✓ |

Key Differences

| | <u>Federal</u> | <u>State</u> |
|---------------------------------------------------------------|----------------|--------------|
| Must “contribute” to National Register | ✓ | ✗ |
| Real interest in the property required | ✓ | ✗ |
| Transferable | ✗ | ✓ |
| Five year recapture period | ✓ | ✗ |
| Aggregate cap requires credits be reserved | ✗ | ✓ |
| \$10,000 minimum in repairs (vs. exceeding adjusted basis) | ✓ | ✗ |

Some Considerations

Local Historic District Oversight may limit or dictate exterior changes (should be compatible with Secretary of Interior Standards)

Nonprofits and tax-exempt organizations not eligible for federal credits

Credits only issued upon completion

Transfer (sale) of state credits through brokers are rarely dollar for dollar; more typically \$0.75 cents per \$1.00 credit

State application fee paid at Part 3 equal to 1.5% of credits issued

Some Questions

Does the work planned reflect Secretary of Interior Standards?

Will the total expenditures justify the opportunity cost?

Will the work be completed within 2 year of commencement? 5 years?

Will congregants, neighbors or businesses pledge to purchase credits resulting from the project in advance? At close to 1:1?

Will Partners for Sacred Places recognize credits as matching funds?

How will the repairs affect rental income? Mission?

Some Inspiration



St. Joseph's Gretna

Additional Information

Overview:

<https://www.crt.state.la.us/cultural-development/historic-preservation/tax-incentives/index>

Secretary of Interior Standards:

<https://www.crt.state.la.us/cultural-development/historic-preservation/tax-incentives/standards-for-rehabilitation/index>

Forms:

<https://www.crt.state.la.us/cultural-development/historic-preservation/tax-incentives/state-commercial-tax-credit/index>

Economic Study:

https://www.crt.state.la.us/Assets/OCD/hp/taxincentives/impact-studies/LAStateTaxCredit_FinalReport_062317.pdf